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**LOUISIANA TECH UNIVERSITY
ALUMNI ASSOCIATION, INC.**

FINANCIAL REPORT

JUNE 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/3/07

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

FINANCIAL REPORT

JUNE 30, 2006

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on the Financial Statements	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to the Financial Statements	5 - 8

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(A Professional Accounting Corporation)

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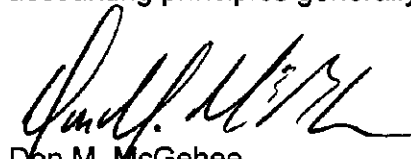
INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Louisiana Tech University Alumni Association, Inc.
T.S. Box 3183
Ruston, Louisiana 71272-0001

I have audited the accompanying statements of financial position of Louisiana Tech University Alumni Association, Inc. (a nonprofit organization), as of June 30, 2006 and June 30, 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Tech University Alumni Association, Inc. as of June 30, 2006 and June 30, 2005, and the changes in its assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the the United States of America.



Don M. McGehee
Certified Public Accountant

December 15, 2006

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.**STATEMENTS OF FINANCIAL POSITION****AS OF JUNE 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 8,201	\$ 17,816
Investments	126,793	112,622
Prepaid Expenses	<u>2,095</u>	<u>1,231</u>
TOTAL CURRENT ASSETS	137,089	131,669
FIXED ASSETS - Net of Accumulated Depreciation	<u>31,210</u>	<u>39,757</u>
TOTAL ASSETS	<u>\$ 168,299</u>	<u>\$ 171,426</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 88	\$ 10,018
Current Maturities of Long-Term Debt	7,108	6,279
Accrued Interest	84	0
Deferred Revenue	<u>440</u>	<u>0</u>
TOTAL CURRENT LIABILITIES	7,720	16,297
LONG-TERM DEBT	<u>8,332</u>	<u>15,161</u>
TOTAL LIABILITIES	<u>16,052</u>	<u>31,458</u>
NET ASSETS		
Unrestricted	152,247	138,903
Temporarily Restricted by Donors for Scholarships	<u>0</u>	<u>1,065</u>
TOTAL NET ASSETS	<u>152,247</u>	<u>139,968</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 168,299</u>	<u>\$ 171,426</u>

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
CHANGES IN NET ASSETS:		
UNRESTRICTED NET ASSETS		
Revenues, Support, and Gains		
Alumni Activities and Events	\$ 69,067	\$ 67,615
Contributions	850	860
Print and Frame Sales	6,686	706
Gain on Sale of Investments	24	13
Investment Dividends and Interest	4,145	3,946
Interest Income	902	461
Merchandise and Catalog Sales	1,827	6,191
Membership Dues	106,830	107,415
Lifetime Membership Dues	24,400	22,700
Other Income	32	0
Royalties	7,091	2,832
Gain on Sale of Assets	0	6,258
University Support	222,450	234,063
Unrealized Gains	0	3,690
Total Revenues, Support, and Gains	444,304	456,750
Net Assets Released from Restrictions for Scholarships	1,065	190
Total Unrestricted Revenues, Support, and Gains	445,369	456,940
Expenses		
Program Services		
Alumni Activities and Events	267,056	290,077
Alumni News	37,977	34,562
Hall of Distinguished Alumni	3,609	83
Scholarships	15,000	16,050
Student Activity Promotions	2,360	1,329
Supporting Services		
Administrative Services		
Accounting	4,900	4,900
Building Use	15,360	15,360
Computer Use and Maintenance	17,778	15,591
Office Supplies	2,243	1,957
Other	51	288
Salaries and Benefits	26,651	25,363
Alumni Promotions and Souvenirs	9,649	8,876
Membership Mail Out	21,659	20,512
Cost of Merchandise and Catalog Sales	801	5,348
Cost of Print and Frame Sales	5,483	783
Unrealized Losses	1,448	0
Total Expenses	432,025	441,079
TOTAL INCREASE IN UNRESTRICTED NET ASSETS	13,344	15,861
TEMPORARILY RESTRICTED NET ASSETS		
Net Assets Released from Restrictions for Scholarships	(1,065)	(190)
TOTAL DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(1,065)	(190)
INCREASE IN NET ASSETS	12,279	15,671
NET ASSETS - BEGINNING OF YEAR	139,968	124,297
NET ASSETS - END OF YEAR	\$ 152,247	\$ 139,968

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members and Others	\$ 217,223	\$ 208,319
Interest Income Received	5,046	4,408
Cash Payments for Goods and Services	(208,875)	(188,559)
Interest Payments	(1,414)	0
Net Cash Provided by Operating Activities	<u>11,980</u>	<u>24,168</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Suburban	0	(37,440)
Purchase of Equipment	0	(1,733)
Purchase of Investments	(15,845)	(13,946)
Proceeds from Sale of Investments	250	250
Proceeds from Trade-In of Suburban	0	16,000
Net Cash Used by Investing Activities	<u>(15,595)</u>	<u>(36,869)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(5,999)	0
New Borrowings	0	21,440
Net Cash Provided (Used) by Financing Activities	<u>(5,999)</u>	<u>21,440</u>
NET INCREASE (DECREASE) IN CASH	(9,614)	8,739
CASH AT BEGINNING OF YEAR	<u>17,816</u>	<u>9,077</u>
CASH AT END OF YEAR	<u>\$ 8,202</u>	<u>\$ 17,816</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 12,279	\$ 15,671
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	8,547	9,017
(Gain) Loss on Sale/Transfer of Asset	(24)	(6,271)
Unrealized (Gain) Loss on Investments	1,448	(3,690)
(Increase) Decrease in Prepaid Expenses	(864)	1,330
Increase (Decrease) in Accounts Payable	(9,930)	8,111
Increase (Decrease) in Accrued Interest Payable	84	0
Increase (Decrease) in Deferred Revenue	440	0
Total Adjustments	<u>(299)</u>	<u>8,497</u>
Net Cash Provided by Operating Activities	<u>\$ 11,980</u>	<u>\$ 24,168</u>

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

The Louisiana Tech University Alumni Association, Inc. (Association) is a Louisiana nonprofit corporation chartered on January 10, 1986. This corporation is organized to operate for the following purposes: (a) to advance and strengthen the ties of the alumni to Louisiana Tech University; (b) to encourage attendance, interest, and improvements to Louisiana Tech University; (c) to maintain and administer scholarships, fellowships, and grants to enhance the prestige of the institution, its staff, faculty, and student body; (d) to promote the educational and cultural welfare of the institution and to expand and improve the facilities thereof; and (e) to solicit and accept contributions, grants, bequests, and property for the purpose of carrying out these purposes. The Association is exempt from federal income tax as an organization described in Section 501 (c) (3) of the Internal Revenue Code.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF REVENUE RECOGNITION

The Association recognizes membership dues and lifetime memberships in the period received. Interest income, royalties, service fees, and other income are recognized on the accrual basis. Support and contributions are measured at their fair values. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as a change in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

DEFERRED REVENUE

Deferred revenue results from the collection of ticket sale proceeds in the current period in which the event is to occur in the next period and from sales of merchandise in the current period which will be purchased and available for delivery in a subsequent period. These unearned amounts are reported as deferred revenue until they meet the criteria (i.e., occurrence or purchase) for revenue recognition.

DONATED GOODS, SERVICES, COMPUTERS, AND FACILITIES

A number of volunteers have donated their time to the Association's program services and to the fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services, goods, use of computers, and use of facilities are reflected in the statement of activities at their fair values.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is three to five years.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand, cash held in checking and savings accounts, and certificates of deposit with maturities of less than 90 days. Management believes the Association is not exposed to any significant credit risk on cash and cash equivalents.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

The Association has adopted SFAS No.124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are reflected in the Statement of Activities.

ADVERTISING COSTS

Advertising costs for the year ended June 30, 2006 and 2005 were \$3,182 and \$3,199, respectively, which were expensed as incurred.

NOTE 2 - CASH

At June 30, 2006 and 2005, the Association has cash totaling \$8,201 and \$17,816, respectively, as follows:

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Cash on Hand	\$ 300	\$ 300
Interest-Bearing Demand Deposits	<u>7,901</u>	<u>17,516</u>
Total	<u>\$ 8,201</u>	<u>\$ 17,816</u>

Deposits are carried at cost which approximates market value. At June 30, 2006 and 2005, the Association has \$19,156 and \$21,807, respectively, in deposits (collected bank balances). The entire June 30, 2006 and 2005 bank balances are secured by federal depository insurance.

NOTE 3 - INVESTMENTS

The following summarizes the Association's investments as of:

	<u>June 30, 2006</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Mutual Funds-Fixed Income	\$ 68,525	\$ 66,262	\$ 66,262
Mutual Funds-Equity	<u>55,375</u>	<u>60,531</u>	<u>60,531</u>
Total	<u>\$ 123,900</u>	<u>\$ 126,793</u>	<u>\$ 126,793</u>

	<u>June 30, 2005</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Mutual Funds-Fixed Income	\$ 59,578	\$ 62,309	\$ 62,309
Mutual Funds-Equity	<u>48,704</u>	<u>50,313</u>	<u>50,313</u>
Total	<u>\$ 108,282</u>	<u>\$ 112,622</u>	<u>\$ 112,622</u>

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 3 - INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return on the Association's investments for the years ended:

	June 30, 2006	June 30, 2005
	<u>Unrestricted</u>	<u>Unrestricted</u>
Interest and Dividends	\$ 4,145	\$ 3,946
Realized Gains/(Losses)	24	13
Unrealized Gains/(Losses)	(1,448)	3,690
Net Investment Return	<u>\$ 2,721</u>	<u>\$ 7,649</u>

NOTE 4 - FIXED ASSETS

At June 30, 2006 and 2005, the costs and related accumulated depreciation of fixed assets consisted of the following:

	DEPRECIATION LIFE RANGE	2006	2005
Furniture and Equipment	5 - 10 Yrs.	\$ 16,275	\$ 16,275
Automobile	5 Yrs.	37,440	37,440
Less: Accumulated Depreciation		<u>(22,505)</u>	<u>(13,958)</u>
Net		<u>\$ 31,210</u>	<u>\$ 39,757</u>

NOTE 5 - LONG-TERM DEBT

Long-term debt at June 30, 2006 and 2005, is as follows:

	2006	2005
A note payable to GMAC with an estimated interest rate of 7.99%, due in 36 monthly installments of \$674 (including principal and interest) to July 14, 2008, secured by security interest in the vehicle.	\$ 15,440	\$ 21,440
Less: Current Maturities	<u>(7,108)</u>	<u>(6,279)</u>
Long Term Debt, Net of Current Maturities	<u>\$ 8,332</u>	<u>\$ 15,161</u>

The annual debt service requirements for all debt outstanding as of June 30, 2006, are as follows:

	Principal	Interest
2007	\$ 7,108	\$ 979
2008	7,662	425
2009	670	5
Totals	<u>\$ 15,440</u>	<u>\$ 1,409</u>

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 6 - UNIVERSITY SUPPORT

Louisiana Tech University does not charge the Association for the use of facilities, the use of computer equipment, goods provided, and services provided to meet the Association's operating needs because of the benefits they receive from the Association. The Association reflects the fair value of these donated items and services requiring specialized skills in its financial statements as both support and expense. The following schedule summarizes the donated goods, services, computers and facilities for the years ended:

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Alumni News	\$ 31,517	\$ 31,208
Scholarships	10,000	15,000
Program Salaries and Benefits	129,994	138,203
Computer Usage	8,928	8,928
Building Usage	15,360	15,360
Support Salaries and Benefits	<u>26,651</u>	<u>25,364</u>
Total	<u>\$ 222,450</u>	<u>\$ 234,063</u>

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.